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Och-Ziff Capital Management Admits to Role in Africa Bribery Conspiracies and Agrees to Pay \$213 Million Criminal Fine

Och-Ziff Enters into Three-Year Deferred Prosecution Agreement; Subsidiary Pleads Guilty to Conspiracy to Violate the Foreign Corrupt Practices Act

A New York-based alternative investment and hedge fund manager, Och-Ziff Capital Management Group LLC (Och-Ziff), and its wholly-owned subsidiary, OZ Africa Management GP LLC (OZ Africa), entered into resolutions to resolve criminal charges and agreed to pay a criminal penalty of more than \$213 million in connection with a widespread scheme involving the bribery of officials in the Democratic Republic of Congo (DRC) and Libya.

Principal Deputy Assistant Attorney General David Bitkower of the Justice Department's Criminal Division, U.S. Attorney Robert L. Capers of the Eastern District of New York, Assistant Director in Charge William F. Sweeney Jr. of the FBI's New York Field Office and Chief Richard Weber of the Internal Revenue Service-Criminal Investigation (IRS-CI) New York Field Office made the announcement.

"This case marks the first time a hedge fund has been held to account for violating the Foreign Corrupt Practices Act," said Principal Deputy Assistant Attorney General Bitkower. "In its pursuit of profits, Och-Ziff and its agents paid millions in bribes to high-level officials across Africa. By exposing corruption in this industry, the Criminal Division's Fraud Section continues to root out wrongdoing of all types in the financial sector."

"Och-Ziff, one of the largest hedge funds, positioned itself to profit from the corruption that is sadly endemic in certain parts of Africa, including in Libya, the Democratic Republic of the Congo, Chad and Niger," said U.S. Attorney Capers. "Despite knowing that bribes were being paid to senior government officials, Och-Ziff repeatedly funded corrupt transactions. One Och-Ziff employee was so bold as to order the removal of language from their African joint venture's internal audit report that called for an investigation of suspected bribery payments by a business partner. Today's corporate resolutions, which include a more than \$213 million criminal penalty and an independent compliance monitor, hold Och-Ziff accountable for placing profits above the law and will help ensure that the conduct brought to light here never happens again at this company."

"Gaining the upper hand in a business venture by engaging in corrupt practices is bribery in its purest form," said Assistant Director in Charge Sweeney. "Doing so with the intention of influencing a foreign official in his or her capacity is nothing short of corruption. In this scheme, payments of millions of dollars were paid out to senior officials within certain parts of Africa in exchange for access to profitable investment opportunities. This type of behavior can't and won't be tolerated. I commend the investigators and prosecutors who continue to work together at home and abroad to vigorously enforce the law within the confines of the Foreign Corrupt Practices Act."

"Today's plea and deferred prosecution agreement result from the unraveling of complex financial transactions orchestrated by Och-Ziff Capital Management Group LLC and its subsidiary to facilitate illegal payments to foreign government officials," said Chief Weber. "IRS-CI will continue to investigate pervasive bribery schemes used by corporations in the pursuit of attractive international investment opportunities."

Och-Ziff entered into a deferred prosecution agreement in connection with a criminal information charging the company with two counts of conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA), one

count of falsifying its books and records and one count of failing to implement adequate internal controls. Pursuant to its agreement with the department, Och-Ziff agreed to pay a total criminal penalty of \$213,055,689. Och-Ziff also agreed to implement rigorous internal controls, retain a compliance monitor for a term of three years and cooperate fully with the department's ongoing investigation, including its investigation of individuals.

OZ Africa pleaded guilty to a one-count criminal information filed today and assigned to U.S. District Judge Nicholas G. Garaufis of the Eastern District of New York, charging the company with a conspiracy to violate the anti-bribery provisions of the FCPA. Sentencing has been scheduled for March 29, 2017.

In related proceedings, the U.S. Securities and Exchange Commission (SEC) filed a cease and desist order against Och-Ziff Capital Management Group LLC and OZ Management LP, whereby Och-Ziff agreed to pay approximately \$199 million in disgorgement to the SEC, including prejudgment interest. Thus, the combined total amount of U.S. criminal and regulatory penalties paid by Och-Ziff is approximately \$412 million.

The DRC Bribery Scheme

According to the companies' admissions, in late 2007, Och-Ziff employees began discussions with a businessman operating in the DRC about entering into a partnership based on special access to lucrative investment opportunities in the DRC involving the country's diamond and mining sectors. Och-Ziff employees learned that the businessman gained access to these attractive investment opportunities by making corrupt payments to senior government officials in the DRC, the companies admitted. According to the plea agreement, between 2008 and 2012, Och-Ziff entered into several DRC-related transactions in conjunction with the businessman, understanding that Och-Ziff's funds would be used, in part, to pay substantial sums of money to high-ranking DRC officials to secure access to, and preference for, the investment opportunities. In late 2008, after an Och-Ziff employee was alerted that an audit of the businessman's records revealed payments to DRC officials, that employee instructed that any references to those payments be removed from a final report of the audit, the companies admitted. According to the plea agreement, the businessman paid tens of millions of dollars in bribes to DRC officials in exchange for investment opportunities that resulted in more than \$90 million in profits for Och-Ziff.

The Libya Bribery Scheme

Och-Ziff also admitted that, beginning in 2007, it engaged a third-party agent to assist the company in securing an investment from the Libyan Investment Authority (LIA), that country's sovereign wealth fund, knowing the agent would need to pay bribes to Libyan officials. The agent was engaged without formal approval or any due diligence, according to court documents. The company admitted that, beginning in February 2007, the agent worked on behalf of Och-Ziff to obtain an asset placement from the LIA, including setting up a meeting between a senior Och-Ziff employee and the Libyan official empowered to make investment decisions for the LIA. According to court documents, in late November 2007, Och-Ziff received a \$300 million investment from the LIA into the company's hedge funds. Och-Ziff admitted that it subsequently entered into an agreement to pay the agent a "finder's fee" of \$3.75 million, knowing that all or a portion of the fees would be paid to Libyan officials in return for their assistance in obtaining the LIA's investment. In addition, Och-Ziff admitted that it falsified its books and records and attempted to conceal and disguise the bribes paid through the agent by paying the "finder's fee" through a sham consulting agreement.

Internal Controls Failures and Falsified Books and Records

Och-Ziff also failed to implement and maintain adequate internal accounting controls, which allowed its employees, agents and business partners to misappropriate assets, the company admitted. As a result of its failure to conduct due diligence on its partners and the lack of financial controls, Och-Ziff failed to prevent bribe payments from being made in the DRC, Libya, as well as in Chad and Niger, where an Och-Ziff joint venture made mining-related investments, according to admissions in court documents.

The Corporate Resolutions

The department entered into this resolution in part due to Och-Ziff's failure to voluntarily self-disclose the companies' misconduct to the department. The resolution also reflects the seriousness of the companies' conduct, including the high value of the bribes paid to foreign officials and the involvement of a high level employee within Och-Ziff.

Notwithstanding, the criminal penalty reflects a 20 percent reduction off the bottom of the U.S. Sentencing Guidelines fine range because of Och-Ziff's cooperation with the government's investigation.

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In connection with the government's investigation, Samuel Mebiame, 43, a Gabonese national, was charged on Aug. 16, 2016, with conspiring to bribe foreign government officials to obtain mining rights in Chad, Niger and Guinea. According to the criminal complaint, Mebiame allegedly worked as a "fixer" for a mining company owned by a joint venture between Och-Ziff and an entity incorporated in Turks and Caicos. The complaint alleges that Mebiame paid bribes to high-ranking government officials in Niger and Chad to obtain mining rights for the joint venture. The charges against Mebiame are merely allegations, and he is presumed innocent unless and until proven guilty.

The FBI's New York Field Office and IRS-CI's New York office are investigating the case. The department appreciates the significant cooperation and assistance provided by the SEC in this matter. The Swiss Federal Office of Justice, the British Virgin Islands Central Authority, the Maltese judicial authorities and authorities in Jersey and Guernsey also provided assistance.

Assistant Deputy Chief Leo Tsao and Trial Attorney James P. McDonald of the Criminal Division's Fraud Section and Assistant U.S. Attorneys James P. Loonam, Jonathan P. Lax and David Pitluck of the Eastern District of New York's Business and Securities Fraud Section are prosecuting the case. The Criminal Division's Office of International Affairs also provided significant assistance.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

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